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Department of the Treasury

aryland District

31 Hopkins Plaza, Baltimore, MD 21201

DEN 0258

PERSON TO CONTACT:

CONTACT TELEPHONE NUMBER:

IN REPLY TO:

DATE: JUN 15 1997

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code.

You incorporated in [REDACTED] on [REDACTED] to strengthen the efficiency and influence of, and promote cooperation among, business, civic and professional organizations sharing mutual interests regarding [REDACTED]

Identify commercial opportunities in [REDACTED] and educate the public on the development of [REDACTED] business relations, property claims, trade development and assistance programs [REDACTED]

[REDACTED] Support through our research [REDACTED] designed to [REDACTED] with [REDACTED] and [REDACTED]

[REDACTED] On a strictly non-partisan basis, promote cooperation among business, civic professional organizations which share our goals for [REDACTED] Perform any and all lawful acts and things which are necessary, useful, suitable or proper for the furtherance or accomplishment of the purposes of the Foundation. Exercise any and all powers or privileges now or hereafter conferred by the laws of the [REDACTED] upon corporations formed under the Act, or under any Act thereof or supplemental thereto or in substitution therefor.

On [REDACTED] you filed Articles of Amendment to state that the purposes of the organization are to educate business, civic and professional organizations about [REDACTED] trade, investment and economic development concerns, in order to strengthen the efficiency between and promote cooperation among them. To educate the public on the commercial opportunities, development of [REDACTED] business relations, property claims, trade development and assistance programs [REDACTED]

[REDACTED] Perform any and all lawful acts and things which are necessary, useful, suitable or proper for the furtherance or accomplishment of the educational purposes of the Foundation. Exercise any and all powers or privileges now or hereafter conferred by the laws of [REDACTED] upon corporations formed under the Act, or under any Act amendatory thereof or supplemental thereto or in substitution thereof.



Subsequent Articles of Amendment were filed on [REDACTED] to change the following purpose: "Exercise any and all powers or privileges now or hereafter by the laws of the District of Columbia, but within the restrictions of IRC 501(c)(3) of the United State Code, upon corporations formed under the Act, or under any Act amendatory thereof or supplemental thereto or in substitution therefor."

The sole activity of the organization is to conduct and disseminate educational research on [REDACTED] to better educate U.S. citizens. [REDACTED]

[REDACTED] The educational research will be conducted by [REDACTED] and [REDACTED] and will commence with approval of this application.

All publications are anticipated to be factual reference materials based on scientific documented studies of the [REDACTED] economy and [REDACTED] foreign policy. It is anticipated that publishing will be a simple process, possibly run off of machines in the Foundation's office.

You anticipate that foundations and corporate donors interested in research conducted on matters of political and economic matters will be the sources of financial support. One hundred percent of your income will be expended for salaries and wages.

You are not a membership organization.

Section 501(c)(3) of the Code provides for exemption from Federal income tax for organizations organized and operated exclusively for charitable, educational, religious, or scientific purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 501(c)(3)-1(c)(1) of the Regulations states that an organization is operated exclusively for the purposes set out in section 501(c)(3) of the Code only if substantially all of its activities are in furtherance of these purposes.

Section 501(c)(3)-1(d)(3) of the Regulations states that "educational" is defined as the "instruction or training of the individual for the purpose of improving or developing his capabilities or instructions of the public on subjects useful to the individual and beneficial to the community."



Revenue Procedure 86-43, published in Cumulative Bulletin 1986-2, page 729, sets forth the criteria used by the Internal Revenue to determine the circumstances under which advocacy of a particular viewpoint or position by an organization is considered educational within the meaning of section 501(c)(3) of the Internal Revenue Code and within the meaning of section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations.

Revenue Procedure 90-27, published in Cumulative Bulletin 1990-1, on page 514, provides, in part, that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned, and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or a determination letter will be issued. In those cases where an organization is unable to describe fully its purposes and activities, a refusal to issue a ruling or determination letter will be considered an initial adverse determination from which administrative appeal or protest rights will be afforded.

A review of your prior and subsequent information disclosed the following:  
"The organization currently has no methods of marketing the publication. Its availability shall be made known to the general public through word of mouth by members of the Foundation. The Foundation is awaiting approval from the IRS before conducting any activities. Thus, there are no publications at the present time. The Foundation anticipates the cost of publication to be minimal, as the publications will be on paper and run off a copy machine. No determination has been made as to whether material will be copyrighted. The foundation does not have copies of the information it will disseminate to the public at this time. There are no employees of the Foundation. The Foundation will not pay any employees for any services rendered to the Foundation"

Based upon the facts, your organization has failed to provide documentation of how your material is "educational" and meets the "methodology test" of Revenue Procedure 86-43. In addition, your vague responses regarding the method of operation of your primary purpose are insufficient to permit a conclusion that the activities you will carry on will be in furtherance of 501(c)(3) purposes.



On the authority of the above Revenue Procedures, it is held that a record of your actual operations will be required before a ruling or determination will be issued.

After you have operated for a period of time sufficient to permit a conclusion that your operations will clearly fall within the scope of section 501(c)(3) of the Internal Revenue Code and a reconsideration of your exempt status is desired, a new application for exemption may be filed.

Contributions to your organization are not deductible by donors under section 170(c)(2) of the Code.

In accordance with the provisions of section 6104(c) of the Code, a copy of this letter will be sent to the appropriate State officials.

If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this, you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law, and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office. If you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax information authorization with us.

If you don't appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination in this matter. Further, if you do not appeal this determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust administrative remedies. Section 7428(b)(2) of the Code provides, in part, that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."



Appeals submitted which do not contain all the documentation required by  
Publication 892 will be returned for completion.

If you have any questions, please contact the person whose name and telephone  
phone number are shown in the heading of this letter.

Sincerely,

  
Paul M. Harrington  
District Director

Enclosure: Publication 892

cc: State Attorney General



Internal Revenue Service

Department of the Treasury

Date: MAR 26 1999

Employer Identification Number:

Form Number:

Tax Years Ending:

Key District:

Person to Contact:

Contact Telephone Number:

Dear Applicant:

This is a final adverse determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reason(s):

You are not organized and operated exclusively for exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. You are not a educational organization within the meaning of Treasury Regulation Section 1.501(c)(3)-1(d).

Contributions to your organization are not deductible under Code section 170(c)(2).

You are required to file Federal income tax returns on the form indicated above. Based on the financial information you furnished, it appears that returns should be filed for the above years. Processing of income tax returns and assessment of any taxes due will not be delayed because you have filed a petition for declaratory judgment under Code section 7428. You should file returns for later years with the appropriate service center shown in the instructions for those returns.

Delaware-Maryland Appeals Office  
31 Hopkins Plaza, Suite 1310, Baltimore, MD 21201

Letter 1371(RO) (Rev. 4-84)



If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United States Court of Claims, or the district court of the United States for the District of Columbia must be filed within 90 days from the date of this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment.

We will notify the appropriate State officials of this action, as required by Code section 6104(c).

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Charles F. Fisher  
Associate Chief